exist. At the same time such an act would stimulate the production of the metal. These Treasury notes should gradually take the place of the present National bank notes, as banks of that character are compelled to retire by the cancellation of the bonds now pledged by them to secure circulation. The paper money thus emitted would be perfect, because it would represent dollar for dollar in specie. The holders should have the option of demanding either silver or gold in exchange. With silver taken at its commercial value, the Government, by holding the balance of power in its right to sell either metal to restore any deficiency in either, could inaugurate the nearest approach to a double standard that it is possible to have between gold and silver.

FINANCIER.

IMPOLICY OF AN EXCESS OF SILVER COINAGE.

REMARKS

OF

JUSTIN S. MORRILL,

OF VERMONT,

IN THE

SENATE OF THE UNITED STATES,

JANUARY 20, 1886,

ON THE

RESOLUTION OF Mr. BECK OF DECEMBER 18, 1885.

WASHINGTON.
1886.

SPEECH

OF

HON. JUSTIN S. MORRILL.

COIN DUTIES ON IMPORTED GOODS.

The Senate proceeded to the further consideration of the following resolution, submitted by Mr. BECK December 18, 1685:

Whereas the laws of the United States require that all duties on imported goods shall be paid in coin; and

Whereas it is provided by section 3694 of the Revised Statutes that "The coin paid for duties on imported goods shall be set apart as a special fund, and shall be applied as follows: First, to the payment, in coin, of the interest on the bonds and notes of the United States; second, to the purchase or payment of 1 per cent. of the entire debt of the United States, to be made within each fiscal year, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall, from time to time, direct; third, the residue to be paid into the Treasury:"

Resolved, That the Committee on Finance be instructed to inquire whether the laws above stated now are, or have heretofore, been obeyed; and if they have not, to report by bill, or otherwise, such measures as will secure their enforcement.

Mr. MORRILL said:

Mr. PRESIDENT: On the day of our adjournment for the holiday recess my friend the distinguished Senator from Kentucky, with all of his usual ability and industry, made an elaborate speech of a character that seemed to me then, as it does now, to throw the burden of rejoinder upon the friends of the present Administration. I do not mean to encroach upon the privileges, which so many Democratic Senators appear eager to enjoy, of coming to the rescue of the President and the Secretary of the Treasury against the rather cruel attack made upon a cardinal measure of the Administration, as I know the fate of those who venture to interfere with family quarrels; but this measure, by which silver might be maintained on a par with gold, so worthy of all acceptation, I fear will not have, after the hot demonstration of the recognized leader of his party in the Senate against it, that unanimous support to which it may be fairly entitled. I shall hope, therefore, to be pardoned for briefly attempting to relieve the party from some part of its difficulties by showing that the distinguished Senator in his vigorous leadership has not escaped some new errors, while he may presumptively be assumed to have adhered to all of his old ones. The new and smaller field will be quite as much as I propose at the present time to explore, and, along with that, to offer occasional suggestions which may seem pertinent from my own point of view.

In the first place, let me say that there are no parties, so far as I know, in the Senate or out of it, that propose or that have any wish to demonetize silver. To charge otherwise is a baseless assumption and

unworthy of the arena of fair debate. Everybody is willing, nay anxious, to keep as much of silver in circulation as can be done, and keep it at the same time at par with our gold coinage. The only hostility to silver arises from what seems to be a fixed and passionate purpose on the part of some of its advocates to promote such an excess of silver coinage as will drive gold coinage out of the country and leave our vast trade and commerce based upon silver only. In reaching this position of silver monometallism it is impossible to be blind to the disastrous contraction of the circulating medium of the country that would at once occur, for when the moment arrives that gold commands a premium it will all be held as a commodity for sale, not for circulation, a small or a 5 per cent. premium being as productive of universal hoarding as 25 per cent.; and no possible advantage to our people could be expected from following the lame and feeble example of India or Mexico in utilizing a silver currency only, but they would be sure to be visited by all the evils arising from the abandonment of that currency with which at least 90 per cent. of all our commercial business with foreign nations has been and must be conducted, by all the evils ever predicated upon the use of a comparatively inferior or depreciated coinage everywhere known to be, as a sole reliance, clumsy and inconvenient in the great bulk of financial transactions, domestic as well as foreign, and a coinage now less than ever promising to be stable and fixed as a standard of value.

No, Mr. President, there is no war upon silver, which, if made, would be equally regretable, only that we have but half as much of it; but, instead, we have in substance and effect, I fear, if not in words, a declaration of war upon gold, in the most insidious and destructive form, by the leader of the Democratic party in the Senate, who proposes to supersede it in the use and place of honor it has hitherto maintained.

As the conclusions of all the Treasury officials we have ever had, after years of special study, are adverse to those of the Senator from Kentucky, and as I am not disposed to believe that their financial reputations have been suddenly overthrown by a "cyclone," nor that their utterances are only to be taken in a technical and "Pickwickian sense" which they are swiftly to abandon, I do not, therefore, feel it to be necessary for me to weary the Senate with all of the statistical lore of their long array of facts, which, though often avoided, few have attempted to refute.

It will not be necessary for me, in consequence of the line of my argument, as it seems to have been for the Senator from Kentucky, to give any assurances that I am not and never was the owner of any stock in silver mines, although I sincerely rejoice in all their legitimate prosperity, however great that may be, and while I am entirely ready largely to protect their silver, it seems imprudent to me to buy and hold it all.

The speech of the Senator from Kentucky opened with such an impressive eulogium upon the glories promised in the message of the President and the report of the Secretary of the Treasury, that I could not but apprehend it might be true that these officials were doomed to suffer, as the country had for some time been warned before the distinguished Democratic leader got to the end of his speech. In this respect the speech reminded me of a sermon I heard in my boyhood from an excellent Baptist minister, when, after dwelling in detail upon the great promises of the gospel, he said:

I now come to the threatenings of the gospel, and it gives me great pleasure to dwell upon them.

It did seem to me that the Senator delivered his antagonisms to the policy of the President and the Secretary of the Treasury with more pleasure and with greater emphasis than any other part of his speech; and my excuse for the Senator—and he well knows he can hardly do anything I am not ready to excuse—was this, that the Democratic leader was under the delusion for the moment that he was, as has long been his chronic habit, belaboring with left-handed compliments some Republican President and Republican Secretary of the Treasury. As for myself, I looked on with composure, confident, however the contest might terminate, in the "survival of the fittest."

My convictions that the continuance of the coinage of large amounts of silver will have the effect of driving gold out of the country and of leaving all of our business snowed in or floundering in the silver-standard blizzard now raging, are largely based upon the past experience of all civilized people, that the inferior money never fails to expel the superior, and upon the facts that our own silver mines annually furnish one-half or more of the entire annual product of the world, being in 1884 the sum of $48,800,000, which, with our imports, mainly from Mexico, amounting in 1885 to $16,550,627, makes our total annual supply over $65,000,000. This appears far more than we can practically absorb, and all that portion not used for coinage and the arts must here find a market for exportation. The large and frequent sale of this surplus establishes its commercial value, and is the tell-tale barometer which daily exhibits the wide disparity between the nominal value and the intrinsic value of our silver coinage. No large excess of the nominal value of coinage can long withstand the effect of such public disclosures. With this disparity always visible it will prove to be a strain even upon our all-abounding silver-tongued orators to overcome the reluctance of the common people to aid by "faith and works" the circulation of silver dollars.

The exodus of gold, however, is not likely to appear with much force until its shipment becomes frequent, or until it commands a premium; but a large return of American securities from abroad, affecting foreign exchange adversely, or any great commercial disaster, from which the world is never exempt, may suddenly produce this result, and then, like swallows at the first approach of autumnal frosts, gold would take wings and depart, no one knowing whither.

It is true that many gentlemen of great respectability do not think there is any peril in the largest as well as perpetual outpouring of silver from the Mint. They see the Secretary of the Treasury, like some strong swimmer in the rapids of Niagara, pulling with all his might against the current, but they see no signs of any disaster, and seem to believe that no harm need be apprehended even if the fatal plunge should be made. They rely upon the marvels of our history, and hold it incredible that the progress of the nation can ever be arrested, for "have we not been victorious," they ask, "in big wars; why then should we be alarmed about any defeat in a little war with gold-bugs?"

The questions relating to our currency are of great moment and above mere partisan questions, that may be here to-day and gone to-morrow. In the discussion of these grave questions it is always well to adhere with some precision to facts. The preamble to the resolution of the Senator from Kentucky begins as follows:

Whereas the laws of the United States require that all duties on imported goods shall be paid in coin.

This unfortunately does not happen to be altogether true. All du-

ties may be paid in coin, in silver or gold certificates, or to a limited extent in United States notes payable on demand, which were authorized to be issued prior to the 25th day of February, 1862; and it is well also to remember that the resumption of specie payments occasioned some changes in the practical administration of the law, by which the custom-house collectors received United States notes, knowing they might call at once upon subtreasurers for their redemption instead of always imposing that messenger duty upon importers. The Government was neither richer nor poorer whether the gold, all the time in its custody, was in one or the other place.

The Senator sets forth the provisions of the Revised Statutes that "the coin paid for duties on imported goods shall be set apart as a special fund," and shall be applied, "First, to the interest on the bonds and notes of the United States; second, to the purchase or payment of 1 per cent. of the entire debt of the United States to be made within each fiscal year, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt as the Secretary of the Treasury shall from time to time direct; third, the residue to be paid into the Treasury."

These provisions of law, the Senator asserts, no man will contend are now or that they have for many years past been obeyed, and yet we have only to read the annual report of the Secretary of the Treasury to learn that the receipts of the fiscal year 1885 from customs, and apart from all other receipts, are $181,471,939.34. This would seem to show so far strict obedience to the first requirement of the law, and, when we reach the second, we find by the same report that "United States bonds and fractional currency to the amount of $45,604,035.43 were applied to that fund during the past fiscal year." Is not all this well and properly done? If the remainder of the money from customs is and has been in the Treasury, a fact not disputed, it is a mistake for anybody to assert that the third and last requirement of the law quoted has not been fully obeyed. There is no provision of any law which designates silver instead of gold for any payments whatsoever, and there has been enough money received from customs thus far equivalent to gold to cover all the purposes specified. It will not be contended by any man, unless it be by the Senator from Kentucky, that each piece of money as it comes into the custom-house should have been branded or ear-marked and then set apart in some far-off private compartment, not to be covered into the Treasury until the end of the year, or until the interest on the public debt and the sinking fund had been fully paid in the branded money; and, therefore, all of the provisions of the law would appear to have been honestly and fairly obeyed. Most certainly there is no need of any change in the system of book-keeping at the Treasury Department.

The Senator must permit me to say—no matter what may be his avowed subject of discussion—that he rarely fails to give vent to some vituperative explosions intended to do grievous harm to the tariff; and whether these explosions jar the tariff or not, what I most regret is that they always jar him. So, in his latest effort, he rather recklessly, as it appears to me, ventures to assert that the great American agricultural industries "receive no real consideration here, and are not even ranked among the industries of the country over which Congress is asked or expected to throw its protecting arm." The record will show, I think, that this statement has been made without being based upon even a fraction of evidence in its support. The farmers of the Cana-

dian Dominion, as are all other foreigners, are subjected to regular duties upon cattle, sheep, wool, hay, barley, pease, potatoes, starch,&c., when brought into our markets. There is no article of "domestic products" of any prominence requiring protection which has not been considered and which has not been actually covered by our tariff. Tobacco in the leaf is subjected to a high duty; and corn, wheat, pork, bacon, lard, beef, cheese, butter, sugar, leather, oils of all kinds, hemp, flax, and even peanuts are not omitted. If there is a single agricultural product that has been neglected let it be named, and I shall have great pleasure in following the lead of the Senator from Kentucky in giving it a "protecting arm." Upon one question, at least, we will go arm in arm. Surely the Senator forgot, when he made his statement, where he was, and supposed he was on the stump in the bluegrass region instead of the United States Senate. Certainly agricultural products have not been neglected.

It is true, our New World is so vast in extent, with its free homesteads and free trespassing upon Government lands, that food products have become so abundant and cheap that we are now able to furnish to foreign markets a surplus for which we do not find consumers at home, however reduced the price; and prices here for agricultural product will be still more reduced whenever protection is withdrawn from manufactures—curtailing consumers and increasing producers—which the Senator constantly and loudly proposes. We have interfered in Great Britain enormously with the profits of their farmers and with rentals by our cheaper exports of wheat, beef, and pork; and lately they have much sore competition from our exports of even dairy products. The farmers of England have "no protecting arm," and are full of lamentation, except when they read one of the Senator's free-trade speeches.

That extreme depression in the prices of all products prevails throughout the world no one disputes; but unquestionably there is less suffering here than elsewhere. Modern improvements in machinery and the universal application of steam power appear to have produced a surplus of manufactures among all the leading nations, and all are more anxious to sell than to buy. The reduced cost of transportation brings the harvests of the remotest lands into all ports and all markets. India, Africa, Australia, and New Zealand are neighbors to all mankind, and their products must now be counted. The great powers of Europe, hungry for the ungathered scraps of trade to be found lurking among the rudest tribes of men, are making war for colonial empire, for the islands of the sea, or for petty provinces, and spending millions upon millions abroad as the price of protection to manufactures at home, which some of them there ostentatiously pretend to refuse. Our policy, on the contrary, is altogether peaceful, and it does not, with hostile armies, invade peaceful communities; but we prize the home market, with its fifty millions of prosperous people, so highly as to be unwilling to surrender it to any kind of foreign invasions, civil or military.

The Senator makes the lugubrious declaration that "Our carrying trade is gone and is in the hands of our foreign competitors." This is partly true, but is only true because our own people and capital can be more profitably employed. American sailors will not accept the scale of wages paid on foreign ships, nor will they consent to live on their limited fare. Very few of the foreign lines in the carrying trade are now making sufficient money for their owners to pay for the ordinary wear and tear, and nearly all would be glad to find purchasers for their

ships. At the present time, though very much of our carrying trade is "in the hands of (low-paid) foreigners," it is no serious loss to us and very little advantage to them. But whenever the business shall promise better returns—better than silver-mining or better than building and running railroads—our people will show their former aptitude by reclaiming the business. That the germinal idea is not dead and gone may be seen from the official report on commerce and navigation, which shows that during the four years ending with 1884 there were constructed in this country 4,937 vessels, with a tonnage of 1,053,672 tons. If there were ever made a greater amount of tonnage in any four years when we were near the basis of free trade, as from 1857 to 1861, I have been unable to discover it. But the Senator appears unconscious that he is doing all he can to place our manufacturing trade alongside of our carrying trade "in the hands of foreign competitors."

That trades-people as well as the farmers of Great Britian are suffering more than in the United States may be seen by the speeches of Lord Salisbury, as reported in his late political campaign; it is also piteously proclaimed by the many thousands now crying for bread in Glasgow, the ship-building center of Great Britain, and it sufficiently appears in a late letter of the London correspondent of the New York Times, a free-trade paper, from which I will take an extract:

> Any day during the past fortnight one could see thousands of faint and ragged wretches prowling outside the wharves, each ready to fight the other in order to be one of a score who were admitted to a day's work for 40 cents if a ship happened to come in. Everywhere business is reported to be worse than a year ago. When it was stated a year ago that the British ship-building industries were off half a million tons, it seemed that the worst showing had passed; but the report now is likely to show another diminution, and one nearly as great. This is a sample of all industries, while the farmer's prices have reached a starvation point.

This is the condition of affairs in the land of free-trade, and I do not think our own people will be anxious to exchange conditions notwithstanding the pity manifested by the Senator from Kentucky for those who will never know, unless they read the Senator's speech, how badly off they really are.

By the report of the United States Treasurer it appears that there is somewhere in the Treasury $165,535,000 of standard silver dollars, which we are struggling to find how and where to safely store until by some miracle they can find more favor in a wicked world. The percentage of these dollars in actual circulation, outside of the Treasury, it also appears, has been constantly growing less since 1881, being then 30.8 per cent. and now only 18.8 per cent. We have coined over two hundred and fifteen million of silver dollars, and have only been able at any time, through much cost and tribulation, to get not quite fifty million into spasmodic circulation, or a circulation which has no confiding repose, but seems to be disgorged from all pockets with a now-or-never promptitude, much to the dismay of the recipients. People do not like to be compelled by law to carry it. We do not receive it here ourselves with any praiseworthy cordiality. Our condition is somewhat like that of one of our distinguished humorists, who in our late war would not enlist himself, but was very willing that all his wife's relations should. All are willing that everybody else may enjoy the single silver banquet, but as for ourselves individually it has no temptation.

It is true that it is often smartly claimed that over ninety million of the one hundred and sixty-five million now in the Treasury of these standard silver dollars is represented by an issue of that amount of sil-

ver certificates, meaning to convey the inference that these certificates will ultimately all be met and paid with silver; but this is practically a circumlocutory fraud, cheating nobody, however, but ourselves, so long as the holders of the certificates have the option of taking the turkey instead of the buzzard, or so long as the holders have the option of tendering them at the custom-house as an equivalent of gold. None ever have been redeemed with silver and none ever will be. When gold has been exchanged for silver certificates, the owners made their "calling and election sure" through the custom-house.

For the month of December, in 1884, 44 per cent. of the receipts at the custom-house in New York were in silver certificates and 41 per cent. in April, 1885.

The Secretary of the Treasury has already found it necessary to resort to unusual resources to avoid the shock to all business interests of a sudden drop from using both gold and silver, hitherto ever maintained by our country, to a single silver standard. Whenever the Government from inability or from indisposition shall fail to maintain the silver dollar on a par with gold, all of the silver certificates as well as all other paper currency, together with the silver dollar itself, will fall to the exact commercial value of the bullion contained in the standard silver dollar. All of our legal tender must then stand on that basis. There is no financial or legislative witchcraft that offers any other fate.

But we have on hand seventy-five million of unused and unusable silver, unrepresented even by the conceit of silver certificates, and, beyond this, more than twenty-five million of unavailable fractional silver. For every dollar of this large amount our people are subjected to an equal amount of taxation, and every year of the present continued coinage of the idle silver dollar this taxation must be perpetuated and also augmented in order to provide for the monthly purchase of silver bullion. With or without the probable deficit in the Treasury next year of $24,000,000, as estimated by the Secretary of the Treasury, ought we to continue the expenditure of twenty-four million for bullion to annually add twenty-eight millions to our present unwieldy pile of silver dollars and to increase our peril of utter divorce from gold?

The Senator from Kentucky asserts that there has been no depreciation in silver, except when tested by the price of bullion in London, because the prices of many products are lower in 1885 than they were in 1870; and he gives us a table of average export prices for beef, wheat, corn, eggs, sugar, &c., as proof of his assertion. No one contends that legal-tender silver has yet become, as legal tender, depreciated; but the contention is that, as silver bullion has depreciated here and everywhere else, the depreciation of silver as legal tender, unsupported by gold, will be sure to follow its enthronement as our sole standard dollar, and that that enthronement is impending, and threatens us upon every monthly additional purchase of siver by the Government. Its approaching dominance is so apparent, that the President felt it his duty to inform us in his message that gold was beginning to be hoarded. It is assumed, however, that the President need not be heeded, because he has been "alarmed." The newspapers say that the "Sage of Graystone," Governor Tilden, has bought large amounts of foreign exchange. Alas! has he, too, been alarmed?

To show, however, the lack of infallibility of the Senator's table purporting to give "the annual average export price in currency" of several articles of domestic product, it may be only necessary to refer to the single article of "eggs," which, it is claimed, were exported at

the price of 39.6 cents per dozen in 1870 and at 21.5 cents in 1885. Surely foreign hens in 1870 must have been on a strike; but will anybody believe that eggs, to the extent of dozens were actually exported and found a market abroad in 1870 at the price of over 39 cents per dozen, or that any of the other articles named found a ready sale abroad at the figures set forth?

I do not think for a moment the Senator himself intended any deception by his table, but I fear he has been humbugged by some careless official or greenhorn tabulator. The table gives the prices of 1870 and 1885 in "currency;" but in 1870 our currency was wholly of depreciated paper, and gold bore a high premium. In 1885, however, our currency, I am happy to say, was at par with gold. It appears to me not too much to have expected, from the usual acuteness and fairness of the Senator from Kentucky, that he should not only have discovered this fact, but should not have left it buried out of sight.

Selected statistics can be made to prove almost anything. For example, the table already mentioned gives the prices of some products in the year 1860, an era somewhat approaching to Democratic free trade; but the Senator from Kentucky took good care to avoid exhibiting these prices when cotton and wheat brought very low prices, and when beef, pork, bacon, and butter sold for a good deal less than they do now. There was no such general depression of prices or trade in 1860 throughout the world as exceptionally prevails now, while in 1870 ever was inflated.

The fall in the value of silver in the United States has been denounced by some of our advanced silver financiers as though it was a trick of the Wall-street bondholders, and not like the recent fall in the value of copper, owing entirely to a largely increased supply and a diminished demand. The banks are also denounced as conspirators engaged in this unholy depreciation of one of the precious metals, because their customers, whom they serve, have not found a use for it; but the imputation is hardly less preposterous than it would be to charge the banks with the depreciation in the value of copper, because they do not buy and hoard uncalled-for millions of bronze or copper cents. Democratic Treasury officials are held to be no more honest than their predecessors, and it is not for me to claim that they are, but all have been at work from the early morn until the evening twilight in pushing silver at every cross-roads of the country, although they are esteemed in some quarters as nothing less than traitors because they have not had greater success, as accredited missionaries, in persuading mankind that the silver dollar was worthy of a more obedient faith and greater adoration among the unconverted.

It would be well to remember that no country in all the world has been exempt from the depreciation of silver. Mexico cannot obtain any higher price for her silver bullion than can our miners in the State of Nevada or Colorado. The silver rupee of India, with a nominal value of two shillings, will not buy more of British merchandise than about what one shilling and sixpence would be an equivalent for in the money standard of Great Britain. The indictment for a conspiracy will have to cover the whole world. It is difficult to see how parties in America could conspire to cheapen the price of silver in the markets of Europe or of India, and silver in bars or bricks may be expected everywhere to obey the law of supply and demand with as much regularity as the same bars and bricks obey the law of gravitation, regardless of petulant epithets distributed upon bankers and bondholders.

The Senator is so much of a devotee of the silver dollar, intrinsically worth less than 80 cents, that he proposed at once to commence the payment of the public debt with that coin and no other, although later he seemed to have consented to a mixture. Of course he expects to carry the Empire State in 1888 on his platform. Not himself eligible as a candidate for the Presidency, the distinguished Senator waves his banner reckless of the clouds, without any "silver lining," which there betoken the fate of any Democratic son of New York who may seek to conquer under that sign. What does the original or the revised programme portend? Of course the inevitable result of using silver in the payment of the public debt would be to banish gold, or two-thirds of all our present metallic circulation, and leave us with nothing but silver coinage. Our five or six hundred millions of gold would soon command a premium, increasing day by day. Go where it might, it would have more appreciation, and its departure could not fail to produce a serious monetary crisis, a contraction which Congress would be promptly asked to cure by an indefinite issue of a new edition of legal-tender greenbacks or by a revival of the "wild-cat banks" to supply the place of the departed gold. This, or anything, the Supreme Court has already announced Congress may do at its pleasure. Such a step once taken, however, the experience of the world shows can not be easily retraced. It might possibly cure some financial vagaries of those who think everybody crazy but themselves, and who now have no ears to hear except when addressed by those with whose sentiments they are in accord, but the cure would come too late.

The distinguished Senator made his irrefutable sneer at "bankers and bondholders and their able and well-paid press" as though they were conspirators wickedly trying to keep up the premium on our bonds, but he unquestionably knows that it will make no scrap of difference to bankers and bondholders now whether our bonds bear a premium or not. All they expect to realize or can realize from their bonds is the fixed rate of interest and their par value when due, and it makes not a farthing's difference to the Government whether bonds bear a premium or not, unless the Government proposes to use its funds for speculative purposes and make purchases of them in advance of their maturity. If there are any parties who desire to organize new banks, they might be interested in depressing the cost of bonds in order to obtain all that were required for that purpose without a premium. Surely, it ought not to be a reproach that any parties, directly or indirectly, are striving to uphold the credit of the Government.

When the United States were striving to obtain in 1863 a loan of one thousand million dollars by the issue of its bonds, subscribers to the loan were assured, by its only authorized agent, that the bonds were payable in gold. The letter of Jay Cooke, as agent of the Secretary of the Treasury, dated March 13, 1863, and everywhere published and distributed, contained the following statement:

> First, these bonds are called five-twenties, because, while they are twenty-year bonds, they may be redeemed by the Government in *gold* at any time after five years.
>
> The duties on imports of all articles from abroad must be paid in gold, and this is the way Secretary Chase gets his gold.

This statement by the agent of the Secretary of the Treasury, with his knowledge and approval, was never questioned nor controverted, in Congress or out, for years afterward. All branches of the Government then so understood the contract, and knew the creditors so understood

it. Silver dollars had never had any prominence as money of the United States. We had circulated little of it and made less, or from 1805 to 1839 only $1,000,000 were coined, and up to 1869 only $4,709,490 of silver dollars were coined. Such were the circumstances of the past and the only basis upon which our people could judge of the future.

The letter of the law unquestionably made United States bonds payable in either gold or silver coin, but this was done when no silver dollar was in circulation, then worth more also than a gold dollar, and when the policy of the Government had been for generations to coin little more of silver than what was required for ordinary use as change. This policy had prevailed up to the act of 1878, which then started on a new theory, and provided for extraordinary and successive issues of silver dollars monthly, or seemingly determined by the revolutions of the moon, intrinsically then worth about ten per cent. less than par; but this legislation it was never proposed by its leading advocates should be adhered to, unless we found ourselves able to make some agreement with other bimetallic nations by which silver could be maintained in universal circulation at par with gold. This expected agreement appears to have been impossible, and certainly appears impossible at present. Our own legislation is hastening a disastrous revolution, as the President and Secretary of the Treasury believe, in all the conditions surrounding the silver dollar, now in danger of further depreciation, and the question arises, can we with proper decency take advantage of our own act to pay off the bonds of the United States at a eost of only 79 cents or less on the dollar?

For many years we have paid both interest and principal of these bonds in gold, and this inflexible rule has given the pledge of public faith that they would forever continue to be so paid until their final extinguishment. It was this trusting faith of our own people which enabled the Government to refund its bonds at the low rate of 3 per cent. interest, and these are the bonds which the Senator from Kentucky so sternly advises the Secretary of the Treasury should be paid at once, and paid in silver. Woe be to the Secretary if he dares to disregard this blast of the silver buglemen!

Saying nothing about what would or would not be conducive to the public honor, it may be truthfully asserted that it concerns the highest interest of our future career in the world's history to preserve the public credit above all criticism and above all suspicion of the smallest financial crookedness.

Whatever loss might be suffered by those who are now our public creditors by a sudden change to payment in silver instead of gold, it would be the merest bagatelle, unworthy of consideration, comparatively, with the loss which would be suffered by the wage-earning portion of the people. Creeping upon them imperceptibly, they would find their means of subsistence, month by month, growing less and less, and not until every one else had looked out for himself would these sons of toil, at all times our largest creditor class, if ever, find any redress.

These sufferers would also find little consolation in the fiat of the Government, by which, without any legislation upon the tariff, a horizontal reduction had been accomplished of 21 per cent. or any other amount, simply by forcing silver to be received at the custom-house, and thereby making a wide opening for foreign workingmen to be employed instead of our own. Possibly it may be the last resort of revenue reformers to effect the changes they seek by changes of the monetary standard. At present the Mexican silver dollar, containing

more silver than our standard dollar, is rated by the Treasury Department at eighty-one cents and six mills, but when we drop to the silver standard, the Mexican dollar would be rated two cents and four mills above par.

The Senator also solemnly said this:

I desire to say with great distinctness that I am not making war on bondholders or national banks or bankers.

And yet, like Shylock, he is constantly whetting his knife to take the pound of flesh nearest their hearts. Our bonds are largely held by national banks and by savings-banks. The stock of national banks (holding $308,000,000 of bonds, largely 3 percents) is owned by a very large proportion of small shareholders, as was shown years ago by the Comptroller of the Currency. The number of depositors in the savings-banks of the Middle States was 1,473,319, averaging for each $356.94; the number of depositors in New England was 1,460,185, averaging for each $337.20; and there is hardly a township in all the North where small bonds will not be found distributed. They are often held for the heirs of deceased persons, and, with rare exceptions, they are seldom held by millionaires, for the reason that such persons are able to find more profitable investments. This is the true character of those who now hold our bonds, and yet they are covered with defamatory epithets as though they were culprits worthy of sentence to a dungeon or to a chain-gang.

During the long ascendency of the statesmen of the Democratic party, when the Government was controlled by their most eminent leaders, one of the most notable characteristics of the party was its inflexible hostility to paper money and its rapturous devotion to gold, "glittering through the interstices of every man's silken purse." That was the Bentonian slogan leading to victory during the era of Jacksonian Democracy, and the reason for the law of 1834, approved by Jackson, by which gold was brought into the country and silver almost wholly expelled; and it was also the pith and force of the Van Buren subtreasury act, which aimed to wholly divorce the Treasury from all paper money. In those days it was the pre-eminent policy of the party in relation to making gold coins circulate at home in the hands of the people which apparently gave to its supporters their highest political prestige. Why is it that these fundamental principles of Jefferson, these favorite doctrines of Jackson, should now be esteemed as heterodox and be dismissed with elaborate denunciations by those who claim to be the legitimate political heirs to all of the renown of these great historic names? It can not be that any section of any party is covertly seeking a cheaper dollar, to-day barely worth 79 cents and 2 mills, with which to pay off the wages of laboringmen; and I trust there is neither new-born nor old-lingering reluctance in any quarter as to paying the annual pensions of Union soldiers in dollars worth at all times and everywhere 100 cents. The Senate of the United States, it is to be presumed, would not be the forum where any measure designedly favoring a 79-cent dollar with which to pay State debts would find favor. And may I not also hope that the full cost of a restored Union will not be esteemed so great as to justify the risk of even its possible diminution by indirection, or to tempt the payment of what remains unpaid, in money that may not be current in any other part of the civilized world.

The Senator from Kentucky reminded us of the passage of an act of Congress in 1869 declaring that the bonds of the United States should be paid in coin, "against the vote and protest [as he is happy to say] of every Democrat in both Houses." In all our previous history no

public debt, at home or abroad, was ever contracted by the United States with any other expectation than that it would be paid in coin, and the coin only of the country. No civilized nation has ever contracted a public debt on any other basis, or on the idea of reserving the right to pay it in its own depreciated paper, and any nation proposing such a payment would be forever branded with degradation in the estimation of the civilized world. Those who invested their means in our bonds assumed the risk of the war and trusted to the good faith of the people. We were as much morally bound to pay our bonds in coin before as after the passage of the act of 1869, which was the first act approved in the administration of General Grant. But the Senator then was here in opposition, as I understand it, to the Union party, and that opposition was very damaging to the public credit. Up to the time of this act, by which the public credit was strengthened and established, we had been paying 6 per cent. interest or more on all of our public debts; but ever since we have been able to do much better in refunding bonds at much lower rates, saving millions upon millions thereby; and, but for the protracted opposition brought against fixing a time for the resumption of specie payments on United States notes, we might have had still lower rates of interest at an earlier period, in refunding a much larger part of the public debt. And yet the Senator is "happy" to say that the act of 1869 "was passed by Congress against the vote and protest of every Democrat in both Houses." Has not the Senator inadvertently disclosed the index finger with which, as the recognized leader of his party, he is pointing out the way to eventually pay off the public debt with a cheaper coin? He obviously still thinks that it would have been square and right to have paid the bonds in legal-tenders when they were worth, as he declares, only 60 or 70 cents on the dollar. He does not say when he would have paid the legal-tenders, nor with what. But, all the same, public creditors would have been forced, if "every Democrat in both Houses" could have had his way, to surrender bonds bearing interest for paper promises bearing no interest and depreciated, as the Senator has said, to the extent of 30 to 40 per cent. The Senator is no longer in the opposition, but, it must be admitted, he preserves his consistency.

The Senator referred to France and other members of the Latin Union for an example that we should follow, but forgot to mention that they have all, or nearly all, some years since—France in 1879—ceased to coin silver, and have limited even minor silver coinage. They stopped about the time we began, willingly surrendering the whole business and the whole responsibility. By that means they have been able to maintain their present stock of silver on a par with gold, and that is now the most important part of their example which we might safely follow, but from which the Senator blinds his eyes and turns and runs. By their latest monetary convention, signed on the 12th of December last, these powers appear to have agreed ultimately to call home their silver coin for redemption, Belgium engaging not to make any change in its monetary system that might prevent the silver from returning, or, if she does, then to take back all her silver at once. And further, if the surplus after exchange exceed two hundred million of francs, then to reimburse so much that the sum not reimbursable shall not exceed one hundred millions. Similar provisions have been made by other parties to the treaty.

Like Belgium, we have been making large nominal profits on the coinage of silver, but the day may come, unless we can reach some in-

ternational arrangement with the bimetallic nations, when the voice of our own people will demand its redemption in coin equal to its full nominal value. Government wealth, fictitiously accumulated by the issue of coins above their intrinsic value, never has been and is not likely now to be a permanent inheritance. It would be better for the present not to have too much of it outstanding for any possible or final day of settlement.

To continue the coinage of the present standard silver dollar of 412½ grains when much more than 480 grains of silver can be purchased for a dollar is exposing the country to very grave risks, not of counterfeits, but of dollars made in exact similitude of our own and containing an equal amount of silver. Twenty-five per cent. of clear profit is a great temptation. There is no kind of manufactures known anywhere promising equal or safer profits to bold and unscrupulous enterprise. What is to prevent the establishment of competing mints in Mexico, in Canada, or anywhere else, from injecting into the country a multitude of alien but undistinguishable dollars, in every way just like our own, and, by all the known tests of experts, just as good as our own? In the hands of innocent holders, how can they be arrested, or who can be punished? The danger signals may not now be heeded, but time may disclose the fact that they should have been heeded.

Some references were also made to the large amount of coin held by France, as though we were deficient or had not reached the proper and supremely advantageous maximum required for national prosperity. The conditions, however, are widely different in France, where there is only one bank, with branches in a few of their most prominent cities, and therefore almost every man there most hold some amount of ready money constantly on hand for daily use. He can not deposit his funds in a bank to obtain interest thereon until he may need to pay it out and then draw his check upon a neighboring bank, as nearly all of our people are in the daily habit of doing. This accounts for the unusual amount of coin required for circulation in France. With our numerous banking institutions our people do not bury their talents and, therefore, get along with a far less amount.

But our gold and silver coin, together with all the authorized paper circulating as money, has had a prodigious expansion within a half dozen years, and may now be said to be overabundant, or far more than is really required. It amounted January 1, 1879 to $1,055,356,619, and on November 1, 1885, the amount was $1,556,914,798, having been increased by over $500,000,000. There is no deficiency in the supply of money, of which an unexampled surplus may be found almost everywhere awaiting some demand for remunerative employment. Capitalists and banks all have money to lend; and large idle deposits in banks, as well as the low current rates of interest, testify to the universal plethora of the money markets; but the real trouble is a lack of general confidence as to the present standard of money. Investments and contracts are no longer made with abiding trust in the future. Silvery, if not slippery, propositions are too frequently made in Congress, and received with a too conspicuous appreciation, for the healthy stability of business.

The large nominal profits in the coinage of silver dollars are subject to very heavy drawbacks. The cost of coining is 1½ cent for each dollar, amounting since 1878 to over $3,000,000, or to about $42,000 for each and every month. The inconvenience and expense for additional vaults has been large, and even the expense attending telegraphic correspondence

is not small, amounting at the New Orleans mint sometimes to $200 in a single quarter of the year. But the expense of transportation incurred by the Treasury Department in its industrious efforts to popularize silver in all markets and way places is enough at least to dissipate any surprise that no private enterprise has attempted the task. The express charges from 1878 to 1885 on the shipment of $55,000,000 from Philadelphia were $217,389.83, or $3.94 per thousand, and for $25,000,000 more shipped to subtreasurers the charges were $28,151.29. The charges on shipments from the San Francisco mint of $13,541,500 were $125,033.25, or $9.23 per $1,000—almost 1 per cent. The express charges at New Orleans for the shipment of $25,546,998 have been over $56,000.

Shipments from the mint at Carson, Nev., have been peculiarly expensive. For example, $150,000 were sent to New Orleans at a cost of $2,625; on $450,000 shipped to Saint Louis the charges were $5,625. From $22 to $30 per $1,000 were charged on shipments to places in Montana. On shipments to Leadville, Colo., the express charges were at the rate of $20.60 per $1,000, and to Trinidad and other places in Colorado $11 per $1,000. Shipments have been made to places where a silver famine seemed to exist with only 33 inhabitants, according to the latest census. The shipments have varied in amount from $500 to $6,000,000. Silver thus has been shipped at much cost, wherever an opening has been found, and yet Treasury officials are berated as insincere and destitute of honesty because they have not bewitched the world with more love for silver dollars, although they appear to have kept the axles of the express cars hot in their transportation to every nook and corner of the continent. The expenses attending any of the contingencies of coinage and distribution of the silver dollar, however large they may be, are perhaps insignificant compared with the loss to be borne by the Government from having paid a much higher price for the bullion already coined than it would now fetch in any market.

The suspension of the coinage of the silver dollar will not depreciate its value, nor increase the value of the gold dollar. They will then both pass from hand to hand equally current in all of our business transactions, Confidence and stability will be restored to our commerce, to investments, to contracts. The laboring man will not be in dread of a pinched and depreciated dollar. The farmer will know that he is to receive for his grain and cattle money not a whit inferior to the money paid to farmers in any other country. The miseries of a fluctuating premium on exchange will not rise to vex the foreground of all business affairs. The retention of all of our five or six hundred millions of gold coin will be assured with the promise of more annual additions. And then we need not humbly seek foreign aid to float the world's product of silver, but wait until our aid has been sought, as sought it surely would be, to establish a potential bimetallic arrangement with the leading nations of Europe, by which any surplus of silver would have some chance of being utilized. The owners of the great silver bonanzas would not then have to rely for support upon the United States alone, but would have the major part of the commercial world promoting their permanent prosperity. It has been sufficiently demonstrated that the service of the whole Government for seven years in the coinage of our 24,000,000 of silver dollars annually has failed to increase the value of silver, but it is worth far less to-day than in 1878, when the experiment began. It must be equally obvious that it has also been a failure as a fertilizer to business—helping neither the farmer nor manufacturer to greater products nor to greater prices.

It is a pity that arguments on the silver question, upon either side, are so seldom listened to, except by those who may be in accord with the argument for the time presented, but are regarded as inapplicable and as foreign to the real merits of the subject as would be some algebraic problem or statistics on color-blindness. The fact that nearly all the merchants and trained business men of the country, whose daily life has afforded broad information upon the history and practical knowledge of the subject, are arranged upon the side favoring, at the very least, either an increase in the weight of the silver dollar, a limit to or a temporary suspension of its coinage, does not appear to have the slightest weight, but is contemptuously disregarded by those who theoretically and sentimentally cling first and last to the dollar of 412½ grains of silver. The fact that the President and the Secretary of the Treasury, the Treasurer, the Director of the Mint, and the Comptroller of the Currency, the experienced Treasury officials, no less under the present Administration than under the preceding, are all agreed in urging Congress to cease the present coinage of the silver dollar, goes for nothing with the Senator from Kentucky and his obedient followers. Even the authority of Cernuschi, the foremost and most learned advocate of bimetallism in France, also goes for nothing when cited to show that the continued coinage of silver in the United States is calculated to defeat its maintenance at par with gold, and to defeat any concurrent agreement of nations by which a greater amount in the aggregate of silver might at once be brought into permanent circulation and universal acceptance. The facts obtained from our foreign ministers by the present Administration, all pointing to the absolute necessity of a suspension of the coinage of the silver dollar, are regarded with distrust, if not with pity, for those who attribute any importance to the wisdom or virtue of these functionaries. Such authorities as these, and the highest practically available, would have, when brought to bear upon any other subject, somewhat of a controlling influence; but on silver we are yet to see whether or not such authorities, all and the best our country affords, are to stand at zero in the United States Senate.

Is it possible that Americans will ever be contented with a monetary system which will subject us in all our foreign traffic to payments in gold for all we buy and to receive for all we sell nothing but silver? I do not know how it may be with others, but I confess that, should we ever sink to the level of those nations of the second, third, and fourth rank, whose wealth and enterprise is too inconsiderable to require all and the best monetary instrumentalities, including both gold and silver, in the conduct of trade and commerce, I should feel it to be a sad degradation, a complete surrender, of the proud position we now hold as the foremost power among great and enlightened nations.

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